

SUBMISSION TO THE
HOUSE OF REPRESENTATIVES'
STANDING COMMITTEE
ON
PRIMARY INDUSTRIES AND
REGIONAL SERVICES IN RESPECT
OF ITS INQUIRY INTO
INFRASTRUCTURE AND THE
DEVELOPMENT OF AUSTRALIA'S
REGIONAL AREAS.

*PREPARED BY
ALBURY WODONGA AREA CONSULTATIVE COMMITTEE*

MAY 1999

INFRASTRUCTURE

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SUMMARY OF ISSUES

A. TERMS OF REFERENCE

“Deficiencies in infrastructure which currently impede development in Australia’s regional areas.”

Comments -

- *university courses are still inadequate in Albury-Wodonga, even though two major universities are present. Our per capita student enrolments are still lower than for other major regional centres;*
- *the regular withdrawal of public services can mean significant travel times for users and consequent higher costs. It also means loss of income from often-skilled employees leaving the area;*
- *the tendency by Commonwealth, NSW and Victorian governments to locate regional offices away from state border areas (the “360 degrees syndrome”)
- even if Albury-Wodonga is a more appropriate and larger location;*
- *this heading could be taken to also include situations where regional areas’ infrastructure lags behind that in capital cities. This would apply particularly to fast-moving, high-technology applications.*

“Factors that would enhance development in these areas”.

Comments

- *Different-sized centres require different treatment. Our paper indicates the concentration of many facilities in Albury or Wodonga and the significant reductions as centres become smaller or further away (refer Tables 7,8). There is always a tendency to treat a “regional area” as homogeneous, when in fact it has a clear hierarchy of service provision;*
- *certainly of government policies, programmes and funding;*
- *differing regions covered (see map);*
- *changes in public agencies nomenclature;*
- *programmes supporting sustainable small business - e.g. income support as in the NEIS programme; a requirement before registering any business that it has an acceptable Business Plan endorsed by a Business Enterprise Centre.*

“The potential for development in regional areas”.

Comments

- *as noted later, regional Australia is the major contributor to exports and to tourism; and is a more efficient provider of infrastructure. However its scattered nature and competitive tendencies, make lobbying difficult;*
-

- *it should not be relatively disadvantaged, especially in respect of telecommunications/information technology, where location is less important than adequate infrastructure;*
- *an industry-by-industry approach to non-metropolitan Australia would not only identify tourism and export dominance, but also identify key sectors doing well despite difficulties e.g. wine and timber. These sectors could do even better, thereby assisting balance of payments further;*

“The extent to which infrastructure development would generate employment in regional Australia”.

Comments

- *there are two aspects of infrastructure development - construction and ongoing operation. In the construction phase there are usually significant numbers of jobs for a short while; the ongoing activities have more durable effects;*
- *as shown in Table 4, reductions in public services can affect job levels and available skills - i.e. a negative multiplier. To lose these jobs is as detrimental as where infrastructure should be provided;*
- *if (say) timber developments were deliberate policy, then upgraded/new timber roads would represent key infrastructure. In other words, a full assessment of all factors and implications would be needed.*

“The role of the different levels of government and the private sector in providing infrastructure in regional areas”.

Comments

- *Appendix III shows the various relevant development groups operating in the Albury-Wodonga area both currently and as at 1996. These examples of just one facet of all three tiers of government reflect the difficulties of obtaining common boundaries/common effort;*
- *privatisation has, of course, reduced government involvement and jobs - in the defence sector and energy in particular; and has introduced fully-commercial objectives;*
- *restructuring of Victorian municipalities in 1994 led, in the main, to fewer shires combining several former municipalities. Indigo Shire was created from four previous shires, and suddenly had surplus Shire offices and depots.*

“Planning, coordination and co-operation in the provision of infrastructure in regional areas”.

Comments

- *as noted above, so many agencies have differing regions to service. Many are in different states and find it difficult to work across State borders because of differing philosophies;*
 - *as shown in the attached map, regions vary; and three Albury-Wodonga based agencies have provided submissions to this enquiry. They all have significantly different regions to service;*
-

- *cross-border health services and the mobile library are examples of ad hoc arrangements dictated by sheer necessity. However, similar efforts in post-secondary education failed.*

“The benefit to the economy of developing regional infrastructure”.

Comments

- *as noted elsewhere, regional Australia is a competitive exporter and tourism provider;*
- *regional Australia is a logical location for competitive industries such as wine and timber, which of necessity tend to be beyond urban centres;*
- *infrastructure appears to be cheaper to install in non-metropolitan areas;*
- *for these reasons, footloose industries could be just as profitable outside capital cities.*

B. ISSUES INVOLVED - AN ALBURY-WODONGA PERSPECTIVE

1. *Albury-Wodonga has long been at the forefront of regional development, and is unique in having to cope with so many levels and agencies of government. It must always be remembered that the Albury-Wodonga Statistical District has a population approaching 100,000 persons which places it as about 18th in size in Australia. More importantly, it should be seen in perspective by states -*

- *in New South Wales - the fourth largest centre;*
- *in Victoria - third largest;*
- *in Queensland - sixth largest;*
- *in South Australia - second largest;*
- *in Western Australia - second largest;*
- *in Tasmania - third largest;*
- *in Northern Territory - largest.*

2. *Its strategic location, its past and likely future growth, and its diverse range of economic activity, indicate that Albury-Wodonga’s prospects are to consolidate or improve this relative position.*

In inland Australia, the region is second after Canberra, (assuming Launceston is defined as being coastal).

3. *Whilst the area is clearly close to self-sufficiency in many respects, it requires support at least equal to that given by governments to other centres in the highly-competitive arena of economic development and growth. As noted elsewhere, we do not believe that we receive equal treatment at present. We prefer to see the Murray River as a backbone, rather than a division.*

4. *Also, as we have indicated in numerous submissions to the Industry Commission, there is little doubt that infrastructure can be provided much more cheaply in non-metropolitan areas. We also believe that, in an overall sense, non-metropolitan Australia subsidises capital cities - not the other way around.*

Thus it is to governments' advantage to look more deeply at non-metropolitan Australia for these reasons alone - irrespective of factors such as lifestyle, ease of access, lack of congestion and less pollution.

5. *There is plentiful anecdotal evidence to support these comments. The following beliefs are listed -*

- *the deregulation of finance, of the banking industry, and reduced protection made it more difficult for non-metropolitan Australia. Many organisations tend to rely on technology and less on face-to-face contact to transact business. This leads to alienation of people in less-populous areas, to reduced employment and investment and to consequent adverse multiplier effects.*

We also understand that much income generated at regional level finds its way back to investment activity in capital cities. Investments made in provincial centres require a higher rate of return than in capital cities. Understandable as this may be, it is an inhibiting factor, especially when compounded by the \$80 m a year lost in superannuation payments.

Many manufacturing plants were set up in regional areas. As ever they have been the first casualties where companies had to restrict their activities. This is unfortunate, as they have found Albury-Wodonga to be a high-productivity area, with good industrial relations, 50 successful exporters, in an environment of steady growth.

- *the "managing director's wife syndrome". Simply put, personal reasons/lifestyle considerations have prevented otherwise sound investment decisions to locate in non-metropolitan areas to just not happen;*
- *tertiary education is not as widespread as it should be. Albury-Wodonga is well-catered for, (with some exceptions), but not relatively large cities nearby. There are limits to the use of technology to overcome the tyranny of distance;*
- *governments inevitably look at their costs in providing services, and not their intrinsic value to users. Thus they tend to limit grass-roots' facilities;*
- *regional centres which have lost major value-adding activities have sought to offset this by boosting tourism. It may be necessary to do so, but the usual consequence is to lose skills, full-time jobs and thus relatively-high levels of income;*
- *the attitudes of people in capital cities. A prime example was that of the NSW department which "decentralised" - from central Sydney to Parramatta!*

6. *Investment Albury Wodonga is in the process of developing a strategy to maximise growth, value-adding and infrastructure. It is seeking to build on Albury-Wodonga's substantial existing resources.*
-

7. *Whilst Albury-Wodonga is prepared to lobby where necessary to enhance the region, it is very much aware of the sad record of unreliability of government. Regional development, as with national development, requires longer-term vision. Unfortunately governments operate within political environments where four years at the most represent a political lifetime. Stability in approaches and policies of all levels of government, in its nomenclature, in its structures (see Appendix III), its policies and in guaranteed funding for at least three years; is yearned for by the community.*

8. *The realities of three long-standing tiers of government have been complicated by a fourth level. We believe a region with true community of interest and with proper community involvement, cannot be more than an hour's drive away for most of its residents, and that concentration of effort by governments should be at that level.*

Albury-Wodonga, with its national and international reputation for regional development and coordination of a myriad of levels of government and their agencies, as well as the community, is a logical place for any testing of future structures.

DETAILED REPORT

A. INTRODUCTION

The Albury-Wodonga Area Consultative Committee (AWACC) has prepared this brief response to the House of Representatives Standing Committee on Primary Industries and Regional Services.

We are grateful for the extended time limit, as the Committee has had to deal with changes in staff and the Committee itself.

Last year, the AWACC provided a paper to the Senate inquiry into regional employment and unemployment. Evidence was given at a hearing in Ballarat in June 1998.

Although the terms of reference are different this time, the research carried out a year ago is still applicable. Accordingly the attached paper is in effect a revised version of the 1998 document as the issues have not changed to any extent.

In the Issues and Recommendations section at the front of this paper, we have replied to your terms of reference as far as possible.

“Regions” need careful definition. In the context of this enquiry we have assumed that they exclude capital cities and their satellites – i.e. Sydney/Newcastle/ Wollongong, Melbourne/Geelong, Brisbane/ Gold Coast, Adelaide, Perth, Canberra and Hobart. Thus we are dealing with truly nonmetropolitan areas. However, the specifications for individual “regions” vary between governments – Federal and State.

Table 1 of our report identifies four such definitions of the “Albury-Wodonga region”, but exclude other classifications by agencies – e.g. the New South Wales Murray Regional Development Board; which includes Albury and Hume (but not the Victorian side), and which covers from Tumbarumba Shire to the South Australian border. It also does not show Business Victoria’s region, which stretches well down in Victoria and is based in Wangaratta in any case.

Telstra’s directory regions differ yet again. In both NSW and Victoria, other state agencies use different boundaries again.

The 1994 restructuring of municipalities in Victoria also led to some anomalies.

The AWACC has a wider region than that of Investment Albury-Wodonga; including its Albury-Wodonga Statistical District of five cities and shires in with a further five shires. We believe our wider region by and large has the necessary community of interest to be a suitable, homogeneous unit. As Table 3 indicates, more than 120,000 people fit inside its 25,277km².

A further issue is the distribution of population, jobs, services and infrastructure within a region. The cities of Albury and Wodonga dominate our area of concern, with a range of economic activities and facilitates well above those found even in the next hierarchy of towns – Corowa and Beechworth for example; let alone smaller centres still; or rural communities.

Our other definition is that of “infrastructure”. We have always argued that this has two aspects – physical (water supply, roads, telecommunications, power, etc); and social (services for the community, such as neighbourhood services, education, police, industry support). That these were supplied by all levels of government was obvious once – now the private sector is involved – e.g. power supply. We too have looked at private sector services, such as banks as there are issues of consequence as well.

The general tenor of the paper is to illustrate what has happened in the Albury-Wodonga region- much of it due to fads and fashions in all levels of government. Then the levels of services by size of the centre have been analysed, followed by a discussion of key factors – such as limited labour mobility coupled with plant closures, and border anomalies. Three appendices complete the report.

B. ROLE OF THE ALBURY-WODONGA AREA CONSULTATIVE COMMITTEE

The Albury-Wodonga Area Consultative Committee (AWACC) is one of 58 such organisations originally set up throughout Australia in 1994 to enhance employment growth by both reducing or eliminating impediments to jobs growth and by facilitating employment-generating projects.

The AWACC covers ten municipalities in the Albury-Wodonga area, and seeks maximum employment growth by cooperating with the community, the business sector and government agencies.

The AWACC has a Committee of 14 persons who all bring a wide range of backgrounds, expertise and experience, from business, government, educators and job providers. It has a budget of \$340,000 a year available for projects, under the Regional Assistance Programme (RAP). In recent times funds have been outlaid on information booklets; on feasibility studies for key industries; on joint major projects with neighbouring ACCs; and on export development and enhancement.

All of these RAP projects are aimed at maximising knowledge and opportunities. Particular emphasis is made in respect of youth, mature-age and indigenous categories – especially in respect of unemployment, under the Regional Assistance Programme.

Community people therefore provide a local perspective in seeking to maximise jobs in the Albury-Wodonga region.

One of the Albury-Wodonga Area Consultative Committee's major roles is that of maintaining and nurturing regional economic development and infrastructure. A key area in developing employment growth activities of the Job Network Providers. Efficient operation of Job Network Providers as a group is crucial to maximising employment growth in the region.

The Albury-Wodonga Area Consultative Committee is very conscious of its two-way brokering role with these providers.

As is the case elsewhere in Australia the Albury Wodonga Area Consultative Committee has a region whose boundaries differ from those used by other agencies. It is especially hampered by the variable treatment of Indigo Shire. This Shire was created in 1994 from the bulk of four previous municipalities. Its proximity to, and close links with Wodonga make it a logical part of the Albury-Wodonga Area Consultative committee area. We have treated it as such – but then have to adjust Australian Bureau of Statistics and Department of Employment, Workplace Relations and Small Business data.

In addition, the level of relevant information varies.

As one moves further and further out from Albury and Wodonga cities, the level of data decreases. Also “regions” vary with the organisation. We illustrate these differences below;

Table 1

VARIOUS “REGIONS”

Municipalities	Albury-Wodonga	Albury-Wodonga Statistical District	AWACC Area (2)	Centrelink Area (3)
Albury City	√	√	√	√
Wodonga City	√	√	√	√
Hume Shire		√	√	√
Corowa Shire			√	Most
Urana Shire			√	√
Culcairn Shire			√	√
Holbrook Shire			√	√
Tumbarumba Shire			√	Khancoban
Indigo Shire		√	√	Some
Towong Shire		Part (A) ⁽¹⁾	√	√
Population	72,950	96,830	120,911	106,100

Notes -

- (1) The western end of the shire around Tallangatta and the Bethanga Peninsula.
- (2) “AWACC” = Albury-Wodonga Area Consultative Committee.
- (3) “Centrelink Area” = area covered by Albury office. Wagga Wagga data also provided, but excluded from our review.
 - Mulwala excluded from Corowa Shire; (1,800 population).
 - Khancoban - the only part of Tumbarumba Shire included by Centrelink; (400 population).
 - Indigo Shire -
 - included - eastern part - Yackandandah area;
 - excluded - western parts - Rutherglen, Chiltern and Beechworth (about 10,000 persons).

It is important to appreciate these different definitions, as comments later will refer to all of them in varying degrees of confusion – caused by the adequacy or otherwise of the data. The attached map may provide perspective.

ALBURY-WODONGA AREA CONSULTATIVE COMMITTEE PROJECTS

Since the October 1998 election, ACCs have been moved from the former Department of Employment, Education, Training and Youth Affairs (DEETYA) to the department of Employment, Workplace Relations and Small Business (DEWRSB). At the same time, Government policy has switched radically towards more immediate outcomes (in terms of jobs) as well as/instead of longer term feasibility studies.

As present, the Albury-Wodonga Area Consultative Committee is monitoring a number of projects reflecting its region and its several roles.

These projects are classified into broad groups-

	<u>Funding (\$)</u>
Improving skills-	
• Metal Trades Apprenticeship Promotion	10,000
• Winning Edge – supporting young people in job interviews	4,950
• Pilot programme to improve links between	
<u>Dairy Industry and Career Counsellors</u>	<u>5,500</u>
• Publicity for Joint Network Providers	10,000
	<u>Total 30,450</u>
Promotional Material-	
• Metal Industry Capability Register	4,000
• Post-Secondary Education and Training booklet	15,000
• Regional Attraction Guide	6,000
	<u>Total 25,000</u>
Projects to generate jobs through value-adding-	
• Facilitation of E-Commerce and Internet Use by regional small/medium firms	37,700
• Securing a vital livestock processing market	32,000
• Technical development of selected agricultural industries	45,000
• Developing opportunities in information technology	60,000
• Gateway Island – tourism precinct – to develop water/aboriginal culture/regional produce opportunities	<u>20,000</u>
	<u>Total 194,700</u>
Special Sectoral Programmes-	
• Marketing Mature Age Workers	15,000
• Dairy Labour Market Projects- With three other ACCs- Total cost of \$75,000 – AWACC’s share	25,000
• Model for providing services for regional Australia’s small business	<u>20,000</u>
	<u>Total 60,000</u>
	<u>Overall Total 310,150</u>

In addition, the Albury-Wodonga Area Consultative Committee has been involved in the establishment of a business incubator sponsored by the Albury-Wodonga Business Enterprise Centre. Funding totalled \$656,000 – of which DEETYA provided \$500,000, and local councils and business groups the balance. The project took four years to come to fruition, and

the Albury-Wodonga Area Consultative Committee provided local support and a brokering role as and when needed.

The Albury-Wodonga Area Consultative Committee's Regional Strategy and Business Plans will be reviewed shortly. They will clearly take into account the outcomes-orientated policies now emanating from Canberra, and will also include a thrust towards the outlying Shires. Albury and Wodonga cities account for 60% of the Albury-Wodonga Area Consultative Committee's regional population; whilst the eight surrounding shires, with a combined 40% share, have quite diverse economic profiles which offer wonderful opportunities for value adding.

The Albury-Wodonga Area Consultative committee is mindful of the need for adequate development of the rich resources in its region, and for maximising value adding to build on Albury-Wodonga's strong growth and sheer diversity.

C. ALBURY-WODONGA'S REGIONAL INFRASTRUCTURE

Whilst we have no exhaustive list of installed physical and social infrastructure, nor such a list of proposed projects, there are general comments which can be made and which hopefully are of value to the committee –

- we have sighted drafts of submissions by the Australian Local Government Association and by the Murray Regional Development Board of NSW. We agree with the general thrust of these papers, whilst recognising their special interests, and their different regions. The MRDB, for example, covers the Murray Region of NSW – from Mt Kosciusko to the South Australian border. The seven eastern municipalities of this Region – Tumbarumba, Holbrook, Culcairn, Hume, Albury, Corowa and Urana are also part of the MRDB; along with nine further municipalities to the west.

Our map highlights our smaller region, and the fact that the AWACC also cover three Victorian municipalities – Wodonga, Indigo and Towong;

- regional Australia has much to offer to the nation as a whole. In past research we have found that:
 - regional Australia accounts for at least 60% of national tourism;
 - regional Australia accounts for at least 60% of national exports – and not just in mining or agricultural materials, but also in processing.

Albury-Wodonga, for example, has exports well in excess of \$100m – nearly all value added, and demonstrating that an inland centre can be a highly-successful exporter;

- regional Australia can provide infrastructure more than competitively – eg. house and land packages; and other projects, due to easier access;
 - regional Australia provides a net subsidy to capital cities in respect of transport services;
- against this, - regions are often required to generate a higher rate of return for projects to cover a perceived higher risk;
 - superannuation and other payments are repatriated elsewhere to fund projects in capital cities and as a result are not invested locally;
- whilst post-secondary education seems to be more than adequate with four university campuses - Charles Sturt University (Albury and Thurgoona) and La Trobe University (Wodonga and Beechworth); a major TAFE campus in each city; a Continuing Education Centre active in both major cities; and some facilities in surrounding towns; in fact there are considerable gaps in a number of faculties at university level, as indicated by relatively low student: total population ratios.

In 1983, it was determined that some 800 students left Albury-Wodonga each year for post-secondary study. (This compares with an overall average net increase between 1986 and 1996 in the AWACC area of 1,300 per year). We estimate that the net drain now would be less than half the 1984 estimate, but it is still a major factor in slower-than-hoped-for growth. There is also the risk of losing skills, either way, very few return.

The post-secondary education sector is a major employer of highly-skilled, well-paid people whose involvement in community activities and issues is legendary. The decentralisation of campuses to the source of the demand should be obvious.

For all these reasons, we believe that government should be encouraging the proliferation, rather than the consolidation, of these campuses.

- no one is certain what directions information technology and telecommunications will take. However, there is little doubt that it will generate considerable growth and provide job and development opportunities. It is an area, given adequate infrastructure, where regions can be competitive. The MRDB has emphasised the need for regional infrastructure planning.
- the City of Wodonga has provided details of major infrastructure projects it expects to occur. These figures have been used regularly due to their spectacular nature – especially the inner relief road route through Albury and part of Wodonga – costing over \$200m over the next couple of years; and the Gateway Island tourism precinct worth \$70m. Some \$42m of rail projects may well occur. Wodonga has more than \$30m of funding proposed for ring roads and a CBD upgrade. Smaller physical infrastructure projects worth \$14m are also envisaged;
- if these physical infrastructure developments are projected to include the rest of the AWACC region, we would estimate that it would have to be matched by other municipalities as follows:

	<u>\$m</u>
• Internal Relief Route	200
• Rail Facilities	40
• Gateway Island	70
• Local Government Upgrades and new Projects	<u>100</u>
<u>Total AWACC Region (for next 2-3 years) =</u>	<u>410</u>

Add to these outlays those of other agencies and by the private sector – probably in total another \$400m a year of capital expenditure – much of it on infrastructure.

- In Section D5 of the report to the Senate committee, we note that generally, infrastructure generally is adequate. However, in certain areas it is deficient - especially where other smaller, but reasonably large centres are preferred by State governments (and some Federal agencies as well) for regional facilities – eg. Wangaratta, Benalla, Wagga Wagga.

The advent of the internal traffic relief route will have considerable favourable implications for Albury-Wodonga:

- it will ensure more efficient movement of traffic between the two cities and within Albury;
 - it will ensure more efficient distribution of goods and services in the region;
 - it will markedly reduce travel times and environmental problems;
-

- if as fervently hoped, regional timber , wine and tourism continue to grow steadily, or are more favourably treated by government, their infrastructure requirements – road, telecommunications, etc., will need to be addressed – especially those provided by government.

**SLIGHTY-REVISED SUBMISSION
ORIGINALLY PROVIDED TO
THE SENATE EMPLOYMENT,
EDUCATION AND TRAINING
REFERENCES COMMITTEE**

REGARDING

**REGIONAL EMPLOYMENT
AND
UNEMPLOYMENT –**

PREPARED FOR THE AWACC IN JUNE 1998.

REVISIONS WERE MADE TO:

- **INTRODUCTION; AND –**
 - **SUMMARY OF ISSUES – DELETED;**
 - **FINAL APPENDIX DELETED.**
-

DETAILED REPORT

A. INTRODUCTION

Through the Albury-Wodonga Area Consultative Committee, regional organisations responded briefly to the Senate Standing Committee on Employment, Education and Training, on the understanding that a more detailed submission would be prepared and presented to a Committee hearing on the 17 June 1998 at Ballarat. This was done and the paper's thrust was accepted by the committee with great interest.

As one moves further and further out from Albury and Wodonga cities, the level of data decreases. Also "regions" vary with the organisation. We illustrate these differences below -

Table 1

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Municipalities	Albury-Wodonga	Albury-Wodonga Statistical District	AWACC Area⁽²⁾	Centrelink Area⁽³⁾
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Towong Shire		Part (A) ⁽¹⁾	√	√
Population	72,950	96,830	118,030	106,100

Notes -

(4) The western end of the shire around Tallangatta and the Bethanga Peninsula.

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- Indigo Shire -
 - included - eastern part - Yackandandah area;
 - excluded - western parts - Rutherglen, Chiltern and Beechworth (about 10,000 persons).

B. BRIEF HISTORY OF INDUSTRY ASSISTANCE IN NON-METROPOLITAN AREAS

Assistance can take many forms. The experience in Albury-Wodonga has been that governments tend to hand over cash or services grudgingly – often in stark contrast with the rhetoric. They were generally unreliable and untrustworthy.

1. AUSTRALIAN GOVERNMENT

No review of industry assistance would be complete without a history of the periodic forays by Canberra into regional development – the first of any significance being in 1972.

The post-war period showed, in a period of rapid development, a great interest in decentralisation/non-metropolitan development. The less populous states led the way. It was a time of rapid growth, of large migration intakes, and of catching up with demand suppressed by wartime austerity up till then.

The 1960s saw a buoyant economy with pressures emerging on major cities – pressures of inadequate infrastructure, of congestion and of pollution. All states had already established a regimen of assistance to regional industry (especially manufacturing), usually in the form of subsidised loans, payroll tax rebate and specialised measures (such as removal costs) available to eligible firms. The decade closed with the Commonwealth also looking at the virtues of regional development – partly because of pressures on capital cities, partly because of a perceived need for balanced development, and partly because it was recognised that regional Australia had much to offer and was a major contributor already to national well-being and national efficiency.

Competition was vigorous between states, which kept extending the provisions in the relevant legislation. For example, NSW brought in payroll tax rebates in 1976 to combat the Victorian measures.

The advent of the Whitlam Government in December 1972 led to structured support for urban infrastructure, and for regional development through a Growth Centres programme. Only Albury-Wodonga and Bathurst-Orange growth centres were established by the time of the demise of that Government in late 1975. Albury-Wodonga was the only centre still with Commonwealth Government involvement. The Growth Centres' programme looked more towards the supply of infrastructure and support services than to directly supporting individual firms. Even then, urban development in capital cities was accorded a higher priority than regional development.

The Albury-Wodonga Development Corporation (AWDC) was the only survivor of that programme. It is now under notice of closure by about the same date envisaged as would have occurred had it been left alone.

The history of the AWDC has been so chequered that Table 2 below provides as clear a picture of the spectacular, often irrational, and ever-unpredictable changes wrought by ideology and/or politics. This history highlights the difficulties of regional development and would not be atypical of the experiences of other regions. This scenario of frequent change also was reflected in the many changes in names, roles and departmental allegiances in New South Wales and Victorian government organisations.

The next major step was for Canberra to introduce “working nation”, with its regional development chapter, in May 1994. A number of regional studies had been commissioned in the months before.

However “regional development” in this context did not equal “non-metropolitan”, as many of the defined regions were actually parts of capital cities. A \$150m package over four years, split between infrastructure and the setting-up and operation of regional development organisations throughout Australia has been offered. This was handled by the Department of Housing and Regional Development.

In operational terms, Canberra worked on the premise that “big is beautiful” and began to encourage our region to take in a huge area of nearly 140,000 km² – from 460 km north to south and 360 km east to west. Eventually the Hume Province was defined as being the core of this region at 48,400 km² with north-south measurements of a maximum of about 250 km, and east-west of about 250 km – perhaps just manageable. The nearby areas were called “Interacting Neighbours”.

Within the Hume Province were these development groups:

- Development Albury-Wodonga 2000;
- Wangaratta Regional Development Corporation;
- Action Benalla/Delatite shire;
- Central Murray Regional Development Organisation;
- Alpine Shire. These are more realistic regions in the context of community of interest.

The Hume Province RDO was expected to integrate large-scale promotion – eg, food into Asia. Ultimately these programmes had to be implemented by the more localised groups or by individuals. The boundaries between RDOs and regional groups were blurred, and they had irregular contact.

Our concerns about the supra-regional groups were three fold –

- They represent a fourth tier of government, imposed by Canberra;
- They covered far too wide an area to have any true community of interest;
- Their end-result of job creation was also the end-result for the various Area Consultative Committees set up by the Department of Employment, Education and Training.

Thus we had two organisations, both funded by Canberra, and apparently competing with each other. This seemed to be then, and now, a duplication of resources and in due course Canberra closed down the regional development programme. It may well have been justified, but it was another conspicuous example of unreliability. It also had the effect of diluting the numbers of competent, community-conscious citizens available for each group.

Table 2

CHANGES TO AWDC – 1974-1998

IN	POPULATION	ORIENTATION
1973/1974	300,000	To public agencies – transfer/new. Leasehold only. Baranduda as first new project. Project to be self-sufficient in late 1990s. Government funding to launch growth. Staff to be 260.
1976/1977	150,000-200,00	To private sector. Freehold available. Thurgoona replaces Baranduda as first new project. Consultative Council removed. Government funding reducing rapidly (negligible as from 1979). Staff cut from 105 to 70.
1981	150,000-200,000	Capitalised past loans, as reduced targets/programme made project not viable, on initial parameters.
1982	150,000-200,000	Public Service Board review of staff – little change in strategies.
1984	150,000-200,000	Victorian Corporation reviewed by Victorian Committee. Attitude – supportive.
1988/1989	106,700	Restructured – Fulltime Chairman/two Deputy Chairmen replaced by Part-time Chairman/Ceo. Community involvement increased, although social planning role to Councils. Dividend required by Canberra – 15% of revenue/or \$3m. Planning powers to be returned progressively to Councils, as the Albury-Wodonga Region Planning committee began its review. Economic development to be more focussed on promoting/expanding existing industries.
1992	106,700	Albury-Wodonga Region Planning Committee report. Planning powers fully returned to Councils. DAW 2000 started up as replacement economic development unit.
1994	106,700	Wider regional development organisation structure announced by Canberra. Hume Province RDO formed, covering, inter alia, Albury-Wodonga area.
1995	106,700	Hume Province RDO in place/regional profile completed. Federal Budget – sale of assets (\$100m over five years)/AWDC out of economic development/AWDC to fund/provide staff for secretariats for DAW 2000 and Hume Province RDO.
1996	106,700	AWDC review/scoping study completed. Hume Province RDO loses funding.
1997	106,700	DAW 2000 merged with Tourism Albury-Wodonga and Chamber of Commerce to form Investment Albury Wodonga, which develops a Strategy Plan.
1998	106,700	Investment Albury Wodonga's Strategic Plan developed. AWDC only developer now.

2. STATE GOVERNMENTS

a) Historical Perspective

State governments used to provide incentives, (once eligibility was established), as a matter of right-whether or not the firm needed the assistance. This was a recognition of the “pioneer” status of such companies – inevitably manufacturers.

Some firms had to establish in a non-metropolitan region because they had to be near the resource. Nevertheless, they were still eligible.

These programmes were quite effective in diverting some manufacturing to the bush. They relied principally on payroll tax rebates, some relocation expenses and a small range of specialised measures.

In the late 1970s and early 1980s, the economic rationalism approach gained ground; coinciding with stagnant or declining employment levels (thereby affecting payroll tax levels and thus the effectiveness of the rebate). Also there was some dissatisfaction with the fact that they payroll tax had to be paid first before being rebated.

Over the 1970s, competition intensified between states, with concomitant extension of provisions, terms and measures; as stated earlier, NSW introduced the payroll tax rebate scheme in 1976 in a clear effort to offset the attractiveness of Victoria’s package.

However, by the early years of the 1980s, Victoria moved towards individual packages for eligible firms, but with a once-off, setting-up orientation rather than being committed indefinitely to such continuing measures as payroll tax rebates. The other states gradually moved in similar directions.

The states were in a dilemma – payroll tax had been given to them by the Commonwealth Government as a growth tax. In recessions, and as a result of long-term trends towards slower job growth and more (lower-paid) part-time jobs, payroll tax income was growing less rapidly. Rebates to decentralised firms diminished this income yet again. Further, payroll tax in itself is an employment inhibitor, and at seven per cent of payroll (in the case of NSW), was being levied at higher rates than in the past. Again, it was becoming fashionable to place more and more importance on activities other than manufacturing – to which the bulk of the programme applied.

Yet they needed job-creating or – maintaining projects, and had many provincial centres losing ground as reduced protection, increased import competition, and recessions all combined to reduce manufacturing activity. This was compounded in rural areas, where closures tended to have a much greater impact in smaller, less-diversified local economies, and where, inevitably, the first closures within a company occurred.

The loss of confidence, skills and income; combined with an unwillingness or financial inability to move to capital cities for alternative employment; has caused massive problems in these areas. Tourism is rarely a substitute, or always practical, despite its popularity as a perceived rural panacea. It was encouraged along with manufacturing.

These trends coincided with reduced decentralisation assistance. The main measure being removed was the payroll tax rebate, despite its importance. It was surprising that it was removed, as:

- it obviated the financial and political burden of a tax on employment under a scheme designed to increase employment in regions;
- it represented recognition by Government of the need for a general incentive to assist relocation/offset the general dislocation involved in a move for an existing firm, whilst for new ventures it was a symbol of Government commitment. In other words, an expectation is there of financial and of moral support.

The psychological let-down caused disillusionment, at the time, rather than the contribution to income. Continuous reductions in assistance have been prevalent over recent years. Firms had no chance to adjust, and lost confidence. From this period too, protection was being reduced, and manufacturing needed restructuring. The inevitable consequence of this scenario was to close branch (ie, non-metropolitan) plants first.

Thus the net effect between (say) 1960 and 1985 was for little development – if not a decline – in key industries in country towns. The result was a well-deserved perception of instability of Government and unreliability and untrustworthiness.

The assistance packages were no longer “as of right”, but consisted of a series of measures from which a tailored package would be prepared for each firm.

Nevertheless some developments did occur, and have operated successfully in regional areas. Many are based on local resources, but others are foot-loose. Albury-Wodonga has numerous examples of both.

Each non-metropolitan region, however, has always faced a major problem – that of only negotiating for those projects which the capital city does not want or cannot handle. Even then not all provincial regions have the change to quote. It is little wonder that non-metropolitan Australia does not often have a sound reputation as an appropriate location for a project.

This concern is not confined to private sector projects. We have always faced the problem of securing public sector agencies – not only to service the local community but also some with a regional or wider influence. At both state and national government level, the thinking appears to be that if a 360° circle cannot be drawn around the centre without going over relevant defined boundaries, then the centre will not win. This problem is compounded in Albury-Wodonga, where the state boundary precludes a full circle around each city. It is exacerbated also in respect of national agencies which operate state-by-state administrations. Hence, in our context, centres such as Wagga Wagga, Benalla and Wangaratta have benefited at our expense, even with lower populations. In 1986, the AWDC’s research indicated that Albury-Wodonga had lower shares of public civilian employment than virtually anywhere else in Australia. This finding included other border areas such as Mildura and Tweed Heads.

Albury-Wodonga In The Context Of State Regions

State regions which include, (and are bigger than), either the Albury or Wodonga component. The New South Wales' Murray Region has its head office in Albury, and is in regular contact with Investment Albury Wodonga.

However the Murray Region stretches from Mt Kosciusko to the South Australian border – about 700 km. Although Albury is the dominant centre, there are important towns elsewhere in the region – Corowa, Deniliquin and Wentworth in particular; and a great diversity of significant agricultural and forestry pursuits.

The Victorian region, which encompasses Wodonga and Indigo Shire, is not so far-flung, but comes close to Melbourne. Wangaratta, Benalla, Shepparton and Seymour are important centres, obviously requiring high levels of servicing. Again there are major agricultural and forestry industries and significant processing.

Thus Albury-Wodonga, as an economic entity, is affected by issues and the demands of centres and for industries well beyond its normal sphere of influence at state government level. The Commonwealth regions – whilst far smaller, still stretch well beyond the Albury-Wodonga Statistical District boundaries and community of interest.

2. LOCAL GOVERNMENT

Generally, local government assistance has been in three forms:

- as a “partner” in the state government package;
- in the provision of cheap land, of rate reductions, and of help in meeting municipal guidelines; and
- sometimes municipalities operated industrial estates, where they acted as developers – usually with cheaper offers than those from the private sector.

Frequently the attitude of local government was more important than available measures. The more co-operative the council, the better the results.

C. REVIEW OF SERVICES AVAILABLE IN CITIES, MAJOR TOWNS, SMALL CENTRES AND RURAL AREAS IN THE ALBURY-WODONGA REGION

1. INTRODUCTION

This section seeks to match available services with various centres by their sizes and distances from the Albury-Wodonga conurbation; together with any information about recent changes in the level of these services – both public and private; and their costs to a town or the entire region.

In addition, there is a need to review services within Albury and Wodonga cities.

To achieve this, we have provided employment, unemployment and population statistics for all or parts of the defined region.

In any review there are several dimensions to regional development; all aiming to create, maintain and expand employment to maximise community income. These dimensions can best be summarised as –

- the need to actively seek out industries, companies or public agencies identified as being suitable to the region;
- the need to support local firms and agencies in their dealings (particularly with government);
- the need to ensure infrastructure (both physical and social) is in place as, when and where needed;
- the need to provide information as required by maintaining an extensive and relevant data bank;
- the need to recognise the implications of technology and of social and employment trends.

All require support and commitment by both private and public sectors.

This process also has to be administered in the context of the overall economic context in a given region. For example, drought and overseas competition and competition in overseas markets, have caused huge hardships in the farming community. As a result, many farmers have been forced to also work off-farm; and that small rural towns and villages have lost population and income – often leading to reductions in services. Further, the potential for significant value-adding derived from agriculture is reduced. Regional income is further affected by loss of job opportunities (or underemployment), and is compounded by outflows paid on mortgages or superannuation, which rarely remain locally.

2. SOCIO-ECONOMIC PROFILE

a) Population

i. Trends 1986 - 1996

Table 3 gives details of population changes between the 1986 and 1996 Censuses for each municipality. The more rural shires suffered population losses or had only nominal growth. Albury, with its dormitory shire of Hume; Wodonga and Indigo; and Corowa all recorded good growth. Wodonga, with 25% of the regional population; accounted for nearly half of the population growth.

Corowa has enjoyed strong growth due to its tourism focus and nearby major processing facilities.

Table 3

POPULATION TRENDS

	1986		1996		Change		
	Persons	% Share	Persons	% Share	Persons	As %	% Share
Albury	39160	36.3	42322	35.0	3162	+8.1	24.4
Hume	5690	5.3	7037	5.8	1347	+23.7	10.4
Corowa	7240	6.7	8384	6.9	1144	+15.8	8.8
Culcairn	4420	4.1	4281	3.5	-139	-3.1	-1.1
Holbrook	2590	2.4	2634	2.2	44	+1.7	0.3
Tumbarumba	4000	3.7	3793	3.2	-207	-5.2	-1.6
Urana	1800	1.7	1598	1.3	-202	-11.2	-1.5
<i>NSW Side</i>	<i>64900</i>	<i>60.1</i>	<i>70049</i>	<i>57.9</i>	<i>5149</i>	<i>+7.9</i>	<i>39.7</i>
Wodonga	24007	22.3	30200	25.0	6193	+25.8	47.8
Indigo	12422	11.5	14163	11.7	1741	+14.0	13.4
Towong	6620	6.1	6499	5.4	-121	-1.8	-0.9
<i>Victorian Side</i>	<i>43029</i>	<i>39.9</i>	<i>50862</i>	<i>42.1</i>	<i>7813</i>	<i>+18.1</i>	<i>60.3</i>
<i>Total AWACC Region</i>	<i>107949</i>	<i>100.0</i>	<i>120911</i>	<i>100.0</i>	<i>12962</i>	<i>+12.0</i>	<i>100.0</i>

Source ABS

Note ⁽¹⁾ Only Khancoban (approximately 400 population) has been included in our analyses.

⁽²⁾ "AWACC" = Albury-Wodonga Area Consultative Committee

ii. Current Population by Sizes of Towns by Distance

The AWACC region of 118,000 people has been further analysed by cross-tabulating the 29 towns of any size with their distances from Albury (Table 4). In all ten categories were developed - nine with towns/settlements' populations of 100 person or more, the tenth being the residue beyond identified towns.

In all, 62% of people were found in Albury or Wodonga, whilst the next eleven towns (of 1,000 persons or more) accounted for another 18%. A further 16 centres (100 - 1,000 persons) represented only 5% of the total, with the rural population being 15%.these centres that many of the reductions in services are occurring.

The same 62% were found close to Albury, with most of the balance 26 - 50 km away. Only three towns of consequence were within 25 km; and the proliferation of smaller centres further out is evident from both Table 4 and the attached map. It is in these centres that many of the reductions in services are occurring.

Table 4

SIZE OF TOWNS

Category	Persons	0 - 10 km	11 - 25 km	26 -50 km	51 -75 km	> 75 km	Total	% Share Down
1	Over 40,000	1 @ 42,382	-	-	-	-	1 @ 42,382	35.9
2	20,0001-40,000	1 @ 30,562	-	-	-	-	1 @ 30,562	25.9
	Cumulative 10,001-20,000	2 @ 72,944	-	-	-	-	2 @ 72,944	61.8
		-	-	-	-	-	-	-
3	Cumulative 5,001-10,000	2 @ 72,944	-	-	-	-	2 @ 72,944	61.8
		-	-	-	1 @ 5,100	-	1 @ 5,100	4.3
4	Cumulative 2,501-5,000	2 @ 72,944	-	-	1 @ 5,100	-	3 @ 78,044	66.1
		-	-	1 @ 3,300	-	-	1 @ 3,300	2.8
5	Cumulative 1,251-2,500	2 @ 72,944	-	1 @ 3,300	1 @ 5,100	-	4 @ 81,344	68.9
		-	-	2 @ 3,750	1 @ 1,350	1 @ 1,800	4 @ 6,900	5.9
6	Cumulative 1,001-1,250	2 @ 72,944	-	3 @ 7,050	2 @ 6,450	1 @ 1,800	8 @ 88,244	74.8
		-	1 @ 1,000	3 @ 3,400	-	1 @ 1,200	5 @ 5,600	4.7
7	Cumulative 501-1,000	2 @ 72,944	1 @ 1,000	6 @ 10,450	2 @ 6,450	2 @ 3,000	13 @ 93,844	79.5
		-	-	2 @ 1,450	2 @ 1,550	-	4 @ 3,000	2.5
8	Cumulative 251-500	2 @ 72,944	1 @ 1,000	8 @ 11,900	4 @ 8,000	2 @ 3,000	17 @ 96,844	82.0
		-	2 @ 700	1 @ 350	-	3 @ 1,080	6 @ 2,130	1.8
9	Cumulative 101-250	2 @ 72,944	3 @ 1,700	9 @ 12,250	4 @ 8,000	5 @ 4,080	23 @ 98,974	83.8
		-	-	-	-	6 @ 800	6 @ 800	0.7
	Cumulative	2 @ 72,944	3 @ 1,700	9 @ 12,250	4 @ 8,000	11 @ 4,880	29 @ 99,774	84.5
% Share Across		(61.8)	(1.4)	(10.4)	6.8	4.1	84.5	
10	Plus – Balance of population outside Nominated Towns						18,253	15.5
Total Population							118,027	100.0

Locations of Towns

<u>Number</u> <u>Table)</u>	<u>Town/City</u>	<u>Category</u> (see
1	Albury	1
2	Wodonga	2
3	Corowa	3
4	Beechworth	4
5	Rutherglen	5
6	Mulwala	5
7	Howlong	5
8	Holbrook	5
9	Chiltern	6
10	Corryong	6
11	Culcairn	6
12	Tallangatta	6
13	Jindera	6
14	Henty	7
15	Walla Walla	7
16	Yackandandah	7
17	Wahgunyah	7
18	Bellbridge	8
19	Khancoban	8
20	Urana	8
21	Tangambalanga	8
22	Bethanga	8
23	Walwa	8
24	Oaklands	9
25	Cudgewa	9
26	Dartmouth	9
27	Eskdale	9
28	Mitta Mitta	9
29	Towong	9

Note Category 10 – small settlements/rural areas.

b. Trends in Government Employment - Albury and Wodonga

It is clear from the terms of reference that the Committee is very concerned about public sector activities in regional development. Accordingly, we have reviewed trends in public sector jobs in urban Albury-Wodonga, as we have a long history enabling trends to be clearly identified.

Over the nine years to the end of 1997, public sector jobs in the cities of Albury and Wodonga fell by 541 positions. In only four of the 14 industry categories was there growth. The major decreases were in transport (the decimation of the two state rail workforces); and in the defence area, as privatisation of many activities began.

We separated the primary/secondary education group from post-secondary categories to highlight the very different trends - the former losing growth, the other growing very rapidly, (as a new TAFE college and university campus augmented two existing campuses).

These figures only show overall job movements. They do not clearly identify loss of autonomy, losses of regional headquarters, and the down-grading or abolition of services. They also do not reflect the centralising effect - especially from smaller communities to Albury or Wodonga (or to capital cities). This small-scale drift has helped the two major centres in this region to slightly offset obvious trends.

Albury-Wodonga has a “mixed bag” of results. Many major regional facilities have at least remained steady - for example - the regional Tax Office. However, we have lost the regional headquarters of the NSW Police (to Wagga Wagga), NSW Health (to Wagga Wagga), and Great Southern Energy (to Queanbeyan).

As noted elsewhere, many facilities have never been located in Albury-Wodonga because of the “360° syndrome”. Thus, in a sense, the decrease has not been as marked as it could have been.

The privatisation of some defence activities has resulted in a partial recovery of some of the jobs lost.

Table 5

ALBURY AND WODONGA CITIES
-TRENDS IN GOVERNMENT EMPLOYMENT

Category	1988		1997		Change	
	Agencies	Jobs	Agencies	Jobs	Agencies	Jobs
Agriculture	6	123	5	101	-1	-22
Manufacturing	2	119	2	78	-	41
Utilities	9	237	6	337	-3	100
Construction	9	438	8	308	-1	-130
Retailing	2	15	1	4	-1	-11
Transport	14	438	7	67	-7	-371
Communication	11	338	10	298	-1	-40
Finance	10	180	10	119	-	-61
Business Services	10	116	12	165	2	49
Admin/Defence	29	3559	31	2475	2	-1084
Education-						
. Primary/Secondary	35	1001	38	988	3	-13
. Post-Secondary	13	408	111	1098	-2	690
. Total	48	1409	49	2086	1	677
Health	50	1621	53	2165	3	544
Cultural	13	286	13	145	-	-141
Personal Services	15	262	16	252	1	-10
Total	228	9141	223	8600	-5	-541

Source- Investment Albury Wodonga – Employment Censuses

c. Regional Unemployment

Data from the Centrelink version of the Albury-Wodonga region differ slightly from those for the Area Consultative Committee. The major difference is that the western part of Indigo Shire (covering Rutherglen/Wahgunyah, Chiltern and Beechworth) is excluded by Centrelink. Otherwise the areas are comparable. Thus we believe that the following analysis (Table 6) reflects the Albury-Wodonga Area Consultative Committee's area of responsibility. It does differ significantly from national patterns in the youngest age groups. We can only assume that 15-19-years-olds are less likely to register here than for the nation as a whole.

Table 6

ALL PERSONS - UNEMPLOYMENT ANALYSES
- BY AGE AND DURATION OF UNEMPLOYMENT

Category	Albury-Wodonga	Australia
	% Share	% Share
Age Groups (Years)		
15-19	11.6	19.4
20-24	25.8	18.2
25-34	23.9	22.7
35-39	32.4	
40-44		
45-54		
55 & over	6.3	6.9
Total	100.0	100.0
Time Unemployed (Weeks)		
To 4 weeks		16.3
4-12 weeks	<i>(To be provided later)</i>	18.6
13-25 weeks		12.8
26-51 weeks		18.6
52-103 weeks		16.6
104 weeks and over		17.1
Total	100.0	100.0
Main Centres		
Albury City	47.3	
Wodonga City	33.2	
Outer Shires – NSW	14.1	
Outer Shires – Victoria	5.4	
Total	100.0	

Another possibility is that 15-19-year-olds here see fewer job opportunities and remain at secondary school or commence tertiary studies. We have no statistics available to test this hypothesis.

A comparison for the two major cities by population and unemployment shares within the defined region indicated that Albury and Wodonga have disproportionately higher shares of regional unemployed. In Albury's case, its unemployment share of 47% was well above its population share of the defined region of 39%. Wodonga was marginally better off. As a result, the surrounding shires had relatively few unemployed - a finding consistent with our belief that these municipalities have exported their unemployment to the major regional centres of Albury and Wodonga. Total unemployment for our defined region at the end of 1997 was about 4,500 persons.

3. SERVICES ANALYSED BY SIZE AND DISTANCE CATEGORIES

a. Analysis by Sizes

Another useful analysis is that of key services by the size categories used earlier in Table 4. By using numbers of beds as an indication of the relative sizes of hospitals, or staff at schools, a better indication is obtained as seen in Table 7. Unfortunately we did not have full details of police staffing. However, numbers range from 110 in Albury to 70 in Wodonga to the numerous one-man stations. We would estimate total police staffing in the region as being 270 persons. Community pressure has ensured a presence at least in small centres.

Doctors are concentrated in Albury and Wodonga, with some strength in Beechworth. Banks are progressively closing/reducing the levels of services – in the cities as well as the bush. In the last two years, eight banks have closed, and five building society/credit union branches have partly replaced them.

Briefly, Albury-Wodonga, with 62% of the defined regional population, has a similar share of hospital beds; about 67% of police; most of the ambulance staff, a quarter of post offices (but also a major delivery centre and a regional mail sorting centre); some 56% of primary school staff – well below the 76% share for secondary schools; effectively all TAFE and university activity; close to 90% of all doctors; half of the finance sector facilities; and two-thirds of all municipal office staff. Generally speaking, the larger the centre – the more the facilities and (especially), the more specialised roles.

b. Analysis by Distances

Table 8 tabulates key services by distances. The concentration of services in urban Albury-Wodonga is clearly indicated. The 11-25 km ring is close enough to the two cities to rely on them. The next band (26-50 km) has a degree of self-sufficiency, but thereafter service facilities are numerically significant, but small. Note should be made that two years ago there were only 17 building society/credit union premises and 32 banks. The changes are marked. Higher-order education, medical facilities even municipalities' staff are very much concentrated in the two major cities.

Table 7

SERVICES ANALYSED BY SIZE CATEGORIES

Category	Essential Services					Schools				TAFE Staff	Universities Staff	Doctors	Banks/Other	Municipal C (Staff)
	Hospitals		Police Stations	Ambulance Stations	Post Offices	Primary		Secondary						
	Nos.	Beds				Nos.	Staff	Nos.	Staff					
1	5	320	1	1	5	12	313	7	478	307	263	133	7/6	491
2	1	102	1	1	7	8	233	5	312	377	103	44	5/5	287
3	1	40	1	1	1	3	50	1	40	10		5	3/2	60
4	2	184	1		1	1	26	1	37			9	1/-	21
5	1	20	3	1	4	4	50	1	45			2	4/1	40
6	4	75	4	2	5	5	80	3	75	5		8	4/3	47
7	1	15	3		4	3	30	1	50			2	-/2	154
8	1	9	4		6	3	25					1	-/2	
9			3		5	5	60						-/1	
10			2		13	17	100							
Totals	16	765	23	6	51	61	967	19	1037	699	366	204	24/22	1100

- Notes**
- Eight offices of banks closed in last two years. Five credit union/building society offices have been opened as replacements.
 - Police stations vary in staffing from one person in remote areas to over 100 persons in Albury.
 - Doctors - a reduction of three doctors in Category 6 is expected shortly.
 - Banks/Other - "Other" include building societies and credit unions.

Table 8

SERVICES ANALYSED BY DISTANCES

By Distance	Essential Services					Schools				TAFE Staff	Universities Staff	Doctors	Banks / Other	Municipal Offices (Staff)
	Hospitals		Police Stations	Ambulance Stations	Post Offices	Primary		Secondary						
	Nos.	Beds				Nos.	Staff	Nos.	Staff					
0 - 10 km	6	422	2	2	12	20	546	12	790	684	366	177	12/11	3/7
11 - 25 km	-	-	1	-	3	4	41	-	-	-	-	-	-	-
26 - 50 km	4	235	6	2	14	14	164	4	160	-	-	17	5/4	3/2
51 - 75 km	3	56	3	2	4	7	85	1	50	10	-	7	5/3	2/10
> 75 km	3	52	11	-	18	16	131	2	37	5	-	3	2/4	1/3
Total	16	765	23	6	51	61	967	19	1037	699	366	204	24/22	9/11

D. OTHER RELEVANT FACTORS

1. REGIONAL PERSPECTIVE

Regional development is influenced by many factors. It is not possible to definitively apportion blame to each factor. Much depends on each region's size, structure and location. Much depends on the measure used. The universal measure is that of jobs.

It is possible to identify an hierarchy of influences, along these lines -

- global conditions (especially amongst exporters and the tourism industry);
- national conditions -
 - economic development policies;
 - general economic trends and patterns;
- regional (ie, non-metropolitan) aspects generally;
- individual regions -
 - structure;
 - size:
 - * large towns/cities;
 - * smaller centres;
 - * rural areas/hamlets;
 - location;
 - comparative advantage.

It is Albury-Wodonga's experience that national conditions/policy decisions play a major role. The devastating, lingering effects of the 1991 recession changed structures and growth trends markedly. For example, urban Albury-Wodonga's job growth between 1977 and 1988 averaged 4.3% pa; since then only 0.5% pa. In the first period, the average annual increase was 1,120; in the second only 180 jobs. The underlying level of investment dropped away also in the 1990s until very recently.

We are also aware that Australia's Balance of Payments is adversely affected by a \$2,000 m pa deficit on timber and wood products and furniture; and yet there is great potential in rural Australia to offset this shortfall. Policies are woefully deficient.

Regional centres (especially those away from the coast) have not done as well in recent times as have metropolitan cities. There is an ever-accelerating trend of retreat to the next-sized population centre, or even more drastically, to capital cities. This is happening in both the private and public sectors.

Juxtaposition with larger centres is increasingly being seen as fatal to smaller centres. There seems to be a substantial abandonment of services in small towns. The Albury-Wodonga region is a good example. Whether the cause was cost-cutting exercises by unsympathetic governments or increasing use of technology; small centres are losing ground rapidly. In our region, we have seen Albury and Wodonga cities acting as magnets for people in surrounding shires. As a result, unemployment in nearby shires appears to be low - the reality is that Albury and Wodonga provide job opportunities or post-secondary educational courses for these people. In addition, Albury-Wodonga provide off-farm work for struggling, but highly-skilled, farmers.

These movements may help nearby shires' unemployment rates, but not employment - and income-generating opportunities. Beechworth, although relatively large at 3,300 people, has lost 1,000 jobs - mostly in state community services in the last few years. In all cases, local communities and politicians have reviewed the issues and sought to reverse adverse decisions and to develop alternatives. Beechworth has done well with its thriving tourist industry, and is holding its own. However, part-time jobs are not necessarily a substitute for highly-skilled, well-paid, usually full-time employment.

Albury-Wodonga (and other regions), face several problems - some real, some perceived.

The major issue is that, in many cases, business investment decisions are made elsewhere. In addition, anecdotal evidence indicates that there is a net outflow of funds from the region - for superannuation alone - perhaps as high as \$80 m a year; let alone repatriation of profits.

The ownership issue not only intrudes in terms of decision making, but also in terms of skills - especially of management. Again, purchasing decisions are usually made on a national basis, and local firms rarely have an opportunity to quote for supplies or work carried out locally. The same, of course, applies to decisions about which facility to close.

Governments in general have behaved erratically so that there is no certainty for planning. Programmes change or are cancelled; criteria are altered; and public sector jobs often reduced, with consequent losses of skills, of perceived commitment and of funding.

Examples are -

- closure of regional development offices of the Department of Transport and Regional Development;
- privatisation of much of the defence forces;
- increasing regions' sizes and often changing the location of the regional headquarters;
- funding projects rather than positions. There is a need in regional communities for people with the appropriate skills to prepare submissions - without these skills the projects are unlikely to happen;
- seeking to make Australian industry more competitive but imposing a revenue levy on imports of at least 3% ad valorem - not for protection, but for revenue;
- payroll tax is a tax on jobs, but has been handed to the States as a revenue earner. It is illogical.

Perceptions are important. Albury-Wodonga has found that transport costs may be dearer, than say for a competing metropolitan location; and this overrides all other considerations - including the fact that the overall cost to make and sell may well be less in Albury-Wodonga.

Communications' costs have been barriers in the past. We believe most people now recognise that these vary little between centres (except perhaps for help-desk services).

Post-secondary education is now recognised here as generally adequate. Deficiencies are in specialised university courses in the main. The TAFE colleges are more than holding their own and, like the two university campuses, are operating off-shore in an increasing way.

2. LABOUR MOBILITY

Our experience is that mobility is quite limited, and decreases with the age of the individual. There is no doubt that the following factors are paramount in a provincial centre like Albury-Wodonga –

- age and marital status. Young, single people are much more prepared to move to other locations for employment - the older, more committed, people with children, less so;
- employment status of spouse. A further consideration often is that both partners have jobs. A shift elsewhere may mean that a second income is not available;
- commitments - particularly house mortgages, and children in secondary education. It may not be possible for a family to shift for these reasons - and it may be that a job may be available in a capital city or other location where housing is significantly dearer. Thus a family would face a higher mortgage situation;
- preferred lifestyle. Many people have strong views about where they want to live for a variety of social reasons - availability of services, climate, physical environment, community involvement, nearness to friends and/or extended family. These factors often weigh more than financial influences, and unless Government introduces regulation or legislation to force individuals to move to suitable employment; will reduce mobility markedly.

Perhaps Albury-Wodonga could serve as an example. It has most services available to it commensurate with a region of 100,000 people, it has an excellent climate, its economic growth has been strong and diversified, (with good increases in jobs numbers and in skills required), and it now has two TAFE colleges and two university campuses providing a wide range of courses. Virtually no part of the urban area of Albury-Wodonga is further away than half-an-hour's travelling time, and many sporting and recreational facilities are close by. To the next-sized hierarchy of city - Sydney, Melbourne (or even Canberra), there are regular airflights as well as rail and road services. Melbourne is 3½ hours away by road. There is also a high degree of stability - many families have been in the area for several generations - with consequent close, extended family links. Accordingly people are unwilling to be shifted around like pieces on a chess-board. When people have experienced the regional lifestyle for a few years, they rarely want to return to capital cities.

We have not found any more recent, thorough, study than that prepared by the then Victorian Chamber of Manufactures in 1981 on "The Labour Market Experience of a Group of Employees in Albury-Wodonga". The factors seem to be unchanged.

3. PLANT CLOSURES

Plant closures create a number of problems for regional communities - loss of jobs/skills/income; loss of confidence in communities; leading to an adverse multiplier effect (including the ultimate likely loss of physical and social infrastructure). The one redeeming feature may be that an often attractive building becomes available for another project/other uses.

Closures become a major problem if the area is declining. They are not easy to overcome even in a growing region such as Albury-Wodonga.

Albury-Wodonga has found that firms tend to close plants not juxtaposed with head offices or major offices first. This applies equally to staff reductions.

We have had several instances where operations (particularly manufacturing and wholesaling) have closed for reasons other than their locations - specifically policy, reduced demand (from both the recession and from reduced protection) and changes in the company's orientation.

We have always had a large overseas-controlled manufacturing sector. Whilst most of these firms continue to operate and have expanded in terms of total jobs, of skills, and in technology; the more spectacular closures or reductions have been by overseas-controlled firms. Two closed because the particular Albury-Wodonga operation became incompatible with the world-wide operations of the group; although competitive in their own rights. And others closed due to consolidation of activity in the home country; yet another due to the 1991 recession.

Reduction of workforce by two firms, and one closure, were due to the combined effects of the recession and reduced protection on available markets. The two instances of job reduction involved consolidation of activity back to a plant next to the head office.

These were all situations beyond Albury-Wodonga's control. Controversy would no doubt arise as to the extent of Government influence in terms of economic conditions and protection levels.

4. FINANCE AVAILABILITY AND VALUES

There is little doubt that funds generated by economic activity in regional areas have been diverted to projects in capital cities via banks, other financial institutions and from regional plants and facilities back to head offices - including those overseas.

However, there is no way currently of fully evaluating this flow. It has been a bone of contention in Albury-Wodonga for many years. It is little wonder that investment and infrastructure have been deficient in non-metropolitan areas.

Generally, investors appear to require a higher rate of return on projects in non-metropolitan areas with smaller populations - the conventional figure is for an extra two percent.

Also, housing is usually cheaper in non-metropolitan regions. This is a bonus when buying, but of little use in a forced sale, when facing possibly a need to buy property in a capital city. People are unwilling to leave an area where they have a suitable house (invariably with a mortgage), children at school, and an acceptable lifestyle - often including a second job. Disruption of this nature cannot be overcome easily.

Business investment is obviously affected by existing asset values and trends. Any recession depresses most assets and reduced valuations against which the relatively few likely developments could borrow. This observation is not confined to declining regions.

One area where we can make tentative estimates about outflow of funds is superannuation. At present, 6% of ordinary time earnings before tax are required to be lodged into superannuation funds (this percentage will rise shortly to 7% for 1998-99).

In 1997, the estimated wages and salaries paid (before tax) totalled some \$918 m in the Albury-Wodonga Statistical District. On this basis, the total wages bill for the AWACC region would be \$1,214 m. Six per cent of this represents \$73 m, nearly all of which would be repatriated elsewhere. Add to this investment by self-employed people in superannuation funds controlled outside the region; and on the same basis, probably another \$10 m is lost to the region.

It would be of great value to regions for some of these outflows to be used here for venture capital, even if higher returns are sought by investors. It would be difficult to implement, but could offer a major source of local funding.

5. INFRASTRUCTURE

“Infrastructure” has two dimensions - physical (roads, water, sewerage, power - ie, physical items usually supplied by Government); and social (services, such as pre-school centres, libraries, education, advice, police) - as provided by all tiers of Government.

Infrastructure is important to any regional centre. The level of assets and of services provided (in effect by Government), does have quite an influence on potential investors.

Investors tend to regard provision of roads, water, sewerage, gas and power, as being automatically in place. Many want a variety of further services, with tertiary education at the fore; as well as an assurance of sophisticated health services; and adequate transport and communications’ links.

In terms of promotion of a region, a maximum of “shop-front” services are needed. It has always been ludicrous to those living in non-metropolitan areas to see how Governments react to pressure by withdrawing from the community interface level back to head office - rather than the reverse.

In addition, there are many “foot-loose” agencies which could be located effectively in non-metropolitan areas, where they would provide employment opportunities and have good multiplier effects; and thereby be useful augmentation to development policies.

Generally speaking infrastructure is important to investors more in terms of its availability than its costs. As noted earlier there is an expectation that “normal” services will be in place; and that tertiary education, health and regular, reliable transport systems are available. Without these “basic” services and facilities, a region cannot compete. Albury-Wodonga is fortunate in its location, its size and the extent of its infrastructure - although from time to time, its two-states’ dimension can lead to shortfalls in provision.

Fiscal equalisation tends to affect New South Wales and Victoria more or less equally - thus Albury-Wodonga does not unduly suffer between these two states. However, the area must lose by not gaining access to those funds diverted to other states. We do not believe that fiscal equalisation is a factor of any consequence in location decisions.

As noted earlier, Governments in general tend to withdraw social infrastructure (in particular), from the shop-front, (in the region), back to headquarters. Physical infrastructure tends to be less mobile, so its supply is usually less than needed, rather than more.

It is impossible to conclude in general terms, as to whether existing infrastructure in any region is adequate to attract replacement industries - so much depends on past needs compared with perceived future needs.

By and large, Albury-Wodonga has a reasonable supply of infrastructure.

6. **BORDER ANOMALIES**

A most valuable report for the Murray Region Development Board on border anomalies identified a border anomaly as the “..... difference between New South Wales and Victoria in legislation, agencies or services which acts as an impediment to business and the community”.

There are very many of these anomalies, despite considerable improvements over the years.

The estimates of additional costs on business caused by these anomalies in the Albury-Wodonga region and along the Murray River; and can also be applied to the north-eastern New South Wales/southern Queensland corner. Seventy forms of anomalies were identified.

The cost of compliance for a small business in our area has been estimated as being 75% above overall national costs. Industry sectors with relatively-high cost impacts are real estate agencies, lawyers, accountants, business consultants, petrol distributors, and in health - and most anomalies were related to employment administration.

The sample survey indicated that at least half of firms experience some extra costs. A weighted estimate indicates 1.5% of total costs. Applied to Albury-Wodonga's 4,500 firms, we estimate perhaps \$1.5 m pa of extra costs are due to border anomalies - perhaps not an enormous impost; but one which is all of unnecessary, irritating and time-consuming.

APPENDICES

- I. REFERENCES AND REPORTS OF RELEVANCE**

 - II. DIAGRAM – DEVELOPMENT ORGANISATIONS
IN ALBURY-WODONGA**
-

REFERENCES AND REPORTS OF RELEVANCE

PREPARED BY ALBURY-WODONGA DEVELOPMENT CORPORATION

- Comments for the Industry Commission's Enquiry into the Taxation and Financial Policy Impacts on Urban Settlement - March 1992.
- Submission to the Industry Commission Inquiry into Impediments to Regional Industry Adjustment - 1993.
- Submission to the Inquiry into Regional Business Development held by the Standing Committee on State Development of the Legislative Council of New South Wales - 1993.
- Regional Profile - Hume Province Regional Economic Development Organisation - May 1995.
- Submission to the Industry Commission Inquiry into State, Territory and Local Government Assistance to Industry - February 1996.

OTHER REFERENCES

- McKinsey Consultants - "Business Investment and Regional Prosperity: The Challenge of Rejuvenation" - 1994.
 - Commonwealth Government - "Working Nation" - AGPS - May 1994.
 - Riverina Regional Development Board - "Regional Strategy 1991-2001" - revision - June 1994.
 - Committee on Employment Opportunities - "Restoring Full Employment - A Discussion Paper" - AGPS - December 1993.
 - Department of Housing and Regional Development - "Beyond the Capitals - Urban Growth in Regional Australia" - AGPS - 1994.
 - Department of Employment, Education and Training - "Australia's Workforce in the Year 2001" - AGPS - June 1991.
 - KPMG Peat Marwick - "Albury-Wodonga Industry Profile Study" - June 1993.
 - Department of Housing and Regional Development - "Urban Australia: Trends and Prospects" - September 1995.
-

**DEVELOPMENT ORGANISATIONS IN EXISTENCE
IN, AND/OR RELEVANT TO, ALBURY-WODONGA**

**AS AT - MID - 1996;
- MID - 1999.**

APPENDICES

I. Albury-Wodonga Area Consultative Committee:

Ulf Ericson (Chairman)
Price Waterhouse Coopers

Grant Hall
Chief Executive Officer
Investment Albury Wodonga Ltd

Peter McCloskey (Deputy Chairman)
General Manager
Aware Industries

Wayne Harris
Centre Manager
Lavington Shopping Centre

Les Langford
Albury City Council

Trish Jamieson
Manager
Continuing Education Centre

Richard Kennedy
Indigenous Network Officer
Centrelink

Peter Lamb
Head of School of Business
La Trobe University

Graeme Patterson
Manager
Employment National

Graeme Scott
Training Consultant

Jenny Butler
Riverina Institute of TAFE

Matthew Papp
Manager
Murray Goulburn Co-Op

Graham Oke
Economist

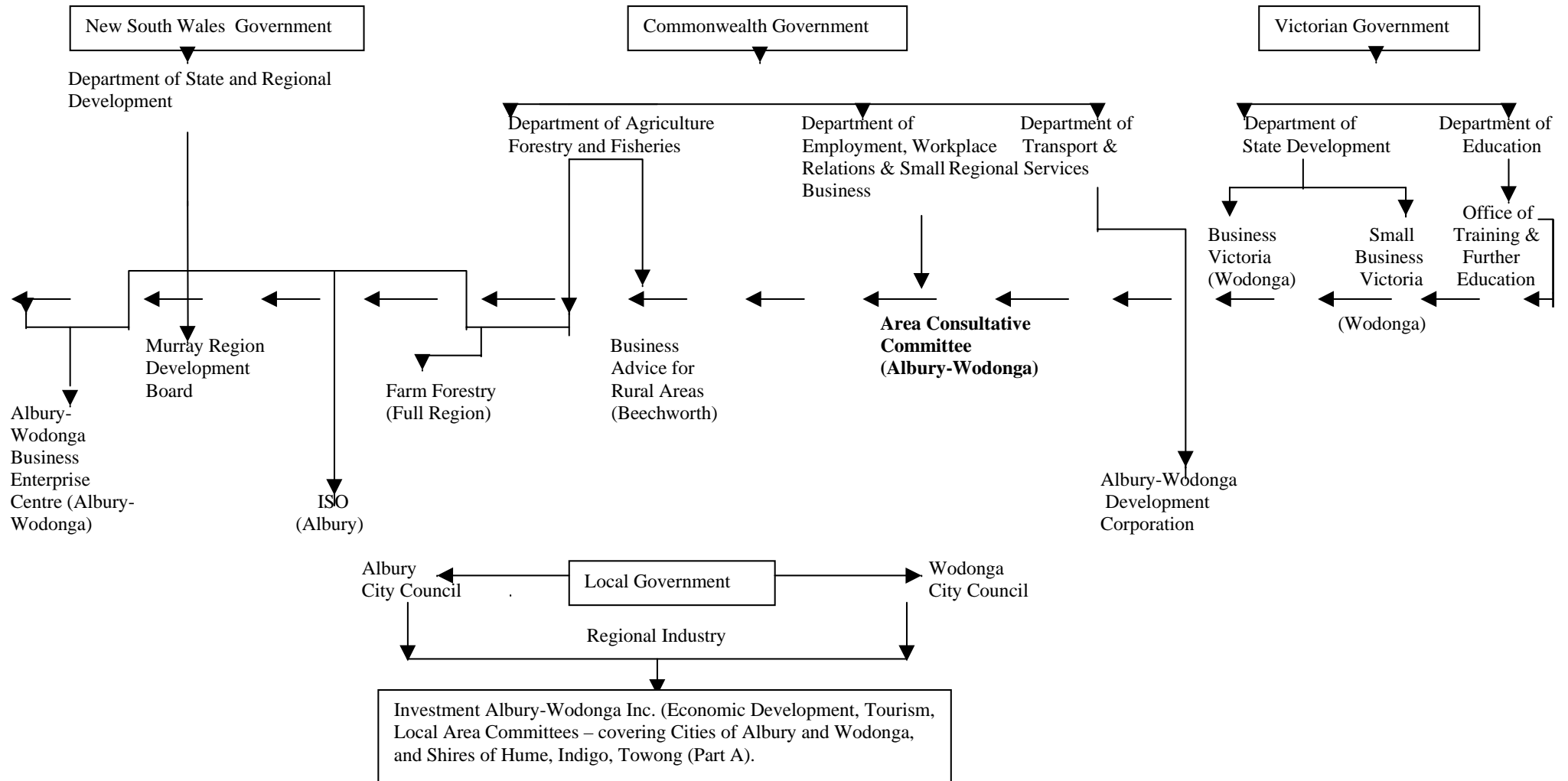
Neville Clow
Albury Wodonga Skills Inc.

II. Investment Albury Wodonga

III. Development Organisations In And/Or Relevant To Albury-Wodonga –

- As At Mid – 1996
 - As At Mid – 1999.
-

DEVELOPMENT ORGANISATIONS IN AND/OR RELEVANT TO ALBURY-WODONGA AS AT MID-1999



Other Organisations of Relevance

- Juxtaposed Shire Councils – Hume, Indigo, Towong
- Australian Industry Group
- Albury-Wodonga Festival of Sport
- Australian Business Chamber of New South Wales
- Albury-Wodonga Regional Arts Board
